

**COMMITTEE ON INTERNATIONAL RELATIONS
SUBCOMMITTEE ON AFRICA, GLOBAL HUMAN
RIGHTS, AND INTERNATIONAL OPERATIONS**

HEARING

**REMOVING OBSTACLES FOR AFRICAN
ENTREPRENEURS**

TESTIMONY

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Thank you Mr. Chairman for your gracious invitation to testify today on what I consider to be the one of the most important issues confronting Africa's future. Namely, what can the global community do to help empower Africa's private sector to create wealth and become that much talked about engine of growth, capable of improving the quality of life and wellbeing of Africans throughout the continent.

First of all, before I begin to talk about the subject of this hearing, I would like to commend you, this committee and the House of Representative in general for your leadership on African issues, obviously much needs to be done and we could all do more, but this committee has always been a leader helping to forge bipartisan consensus and building bridges in support of a peaceful resolution of many of Africa's conflicts. I want to personally thank you and the members of this committee for all that you have done and tried to do to help the people and countries of Africa to enjoy the benefits of democracy.

I believe firmly and my personal experience in Africa supports this belief, that the most important thing that America can do for Africa is to transfer to African entrepreneurs the knowledge and the experience about how to create wealth. Working directly with African businesspeople to develop the skills to create wealth and stimulate employment will do more, in my opinion, to combat HIV/AIDS and minimize civil conflict than all of our assistance programs. As you know better than I, development assistance is a necessary but not a sufficient remedy for the problems that confront Africa.

Africa respects America because of the wealth and quality of life that we have created -- that is what they like and appreciate the most about us. Empowering people to take care of themselves weakens the stranglehold that inefficient governments and corrupt politicians have on their people. A stable dynamic private sector will support a growing and educated middle class that will demand change and have the power to make those demands a reality. This is the spirit that led to the development of the African Growth and Opportunity ACT (AGOA). Unfortunately we stopped before we completed the job.

In the mid 90's when AGOA was just an idea, a bipartisan group of members decided that they wanted to do something about our lack of engagement regarding trade and business relations with the countries of sub Saharan Africa. To build support for this new direction they created the African Trade and Investment Caucus. Working closely with members of this committee and members of the Ways and Means Committee the caucus fashioned legislation which ultimately became AGOA. After a lengthy series of discussions with interest groups and organizations from across the political perspective, in Africa and the United States, it was decided that what we needed to do was to develop a way for African entrepreneurs to have a competitive edge in the U.S. marketplace so that they would have a chance to learn how to compete and would be in a better position to attract foreign direct investment. We thought that duty free access to the U.S. market would be a strong incentive for foreign companies to reassess their position on investing in Africa. We also hoped that modern management and technology would

begin to be transferred to Africa to create competitive manufacturing plants that could employ local people and export value added products to the United States. After four years of debate on AGOA it was clear to many members that AGOA was not the answer but like development assistance it is a necessary part of the answer. Many AGOA supporters hoped that we would have an opportunity to promote companion legislation that would address the supply side of this issue. The thinking went that AGOA would open up the market creating the potential demand for products from Africa and giving the African producers the leverage to be able to compete in the global marketplace but AGOA was not designed to speak to the needs of the African entrepreneur. AGOA is a short term answer to the demand side of the problem. Unfortunately textiles and apparel dominated the thinking on subsequent AGOA bills and an important opportunity was lost. So it is no surprise that 5 years later, while we have seen some successes in the textile and apparel sectors, U.S. oil companies are the dominant AGOA exporters and one of the chief beneficiaries of the AGOA legislation. The law of unintended consequences seems to always be at work.

But if we can get back to the original vision of Congress when AGOA was enacted it would be clear that we must complete the task that you began with the passage of that legislation by doing everything we can to unleash this dynamic generation of African entrepreneurs who just need a little help to make a huge difference in the lives of their people. In this regard, my hope is that this committee and the Congress will enact this year H.R. 4319 introduced by Chairman Smith and Congressman Lantos and H.R. 5480 introduced by Congressman McDermott both bills (very similar in intent) would I believe have a dramatic impact on the ability of African entrepreneurs to compete in the global marketplace. Both bills have the potential to do for African entrepreneurs what the Small Business Administrations array of programs have done for the American small businessperson. We have the most dynamic small business community in the world, responsible for creating the majority of our jobs, in part because we have a system of technical support and financial assistance that says that it is in our interest to help you succeed

and if you fail we will help you get up and try again. SBA has built a business support system that is the envy of the world and I think what we should do for Africa and for ourselves is to give Africa the opportunity to adapt our experiences, our programs and knowledge, about helping companies grow and compete, to their realities. If we can do that in conjunction with development assistance and the market access provided by AGOA I believe that we could see dramatic change in job growth , income per capita and the quality of life of millions of Africans but we have to do these things in tandem to have the greatest impact. An aid approach will not work by itself, AGOA won't work by itself and just focusing on the private sector will not work by itself but these three separate but interrelated approaches can have a significant impact on the lives of millions of people. I lived in Nigeria for 5 years and one of the things that I learned was that Africans are natural entrepreneurs and that they don't need a lot from us but what they want is simple and straightforward. They want a chance to get the knowledge to compete and earn their way. We have the knowledge at the Department of Agriculture, the Department of Commerce and the SBA. The three most important agencies to the African private sector, we need to empower these agencies to do more and to be more engaged as it stands now they are on the sideline without the funding or mandate to do what they do best in Africa. Thank you for the opportunity to testify today and I am available to answer your questions.